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HOUSE OF REPRESENTATIVES
REPORT
100-88

# TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

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MAY 11, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

# REPORT

[To accompany H.R. 2360]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2360) to provide for a temporary increase in the public debt limit, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

## I. SUMMARY

H.R. 2360 provides an increase of $20 billion in the temporary public debt limit from $2,300 billion to $2,320 billion. The increase will go into effect on enactment.

The debt limit level in this bill is the amount estimated by the Secretary of the Treasury as sufficient to meet borrowing needs through July 17, 1987. The debt limit estimate is based on the Administration's current estimates of debt requirements.

## II. EXPLANATION OF THE BILL

### PRESENT LAW

The present temporary limit on the public debt is $2,300 billion, which was enacted on October 21, 1986. This temporary limit is scheduled to expire on May 15, 1987.

### REASONS FOR THE BILL

Both the House of Representatives and the Senate have passed budget resolutions for fiscal year 1988, but the conference committee is not scheduled to hold its first meeting until Tuesday, May 12, 1987. It is possible that the conference will not be completed before Friday, May 15, 1987.

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In the ordinary course of events, a House joint resolution that would increase the public debt limit would be deemed to have been passed by the House of Representatives after Congress has passed the conference report on the budget for the next fiscal year. The level of public debt limit specified in the conference report is the debt limit specified in the joint resolution.

Since there is no conference report on the budget resolution for fiscal year 1988 on this date, the committee believes that a temporary increase in the public debt limit is a prudent action until Congress decides the appropriate level of the permanent public debt limit through fiscal year 1988.

If Congress does not pass an increase in the public debt limit before the present temporary limit expires, the limit will revert to the permanent public debt limit of $2,111 billion on May 16, 1987. From then until enactment of another debt limit, the Treasury Department will be entirely on a cash basis, and it will be able to pay bills and pay maturing debt only from the operating cash balance on hand on May 15, and from cash receipts. Treasury will not be able to refund maturing debt issues because the current level of debt subject to the limit will exceed the statutory limit of $2,111 billion. At the close of business on May 8, 1987, the operating cash balance was $48.2 billion, and the outstanding debt subject to the limit was $2,255.9 billion.

### EXPLANATION OF THE BILL

H.R. 2360 provides an increase in the temporary public debt limit through July 17, 1987, from $2,300 billion to $2,320 billion. This increase will enable the Secretary to manage the nation's finances through July 17, 1987, until a budget resolution conference report can be adopted and a debt limit increase consistent with the resolution may be enacted.

## III. Costs of Carrying Out the Bill and Vote of the Committee in Reporting the Bill

### BUDGET EFFECTS

In compliance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of H.R. 2360, as reported.

The committee does not believe that the changes made by this bill in the debt limit will result in any revenue changes, either in the current fiscal year or in any of the five fiscal years following that year.

The Treasury Department agrees with this statement.

### COMMITTEE VOTE

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee on the motion to report the bill. The bill was ordered favorably reported by a voice vote.

## IV. Other Matters Required To Be Discussed Under House Rules

In compliance with clauses 2(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to committee's action on H.R. 2360 as reported.

### OVERSIGHT FINDINGS

With regard to subdivision (A) of clause (2)(l)(3), the committee advises that its hearings led to the conclusion that an increase in the public debt limit is required at the present time because the temporary statutory limitation in present law will expire after May 15, 1987, to refund outstanding debt as it matures and to make payments for interest on public debt and other authorized government operations from the general fund in the Treasury Department.

### NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with subdivision (B) of clause 2(l)(3), the committee states that the changes made by the bill provide no new budget authority and no new increased tax expenditures.

### CONSULTATION WITH CONGRESSIONAL BUDGET OFFICE ON BUDGET ESTIMATES

With respect to subdivision (C) of clause 2(l)(3), the committee advises that no estimate has been prepared by the Director of the Congressional Budget Office relative to the provisions of H.R. 2360.

### OVERSIGHT BY COMMITTEE ON GOVERNMENT RELATIONS

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of the committee bill.

### INFLATIONARY IMPACT

In compliance with clause 2(l)(4) of Rule XI, the committee states that the debt limitation change is not expected to have an inflationary impact on prices and costs in the operation of the national economy.

## V. Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### Section 8201 of the Omnibus Budget Reconciliation Act of 1986

**[SEC. 8201. TEMPORARY INCREASE IN PUBLIC DEBT LIMIT.**

[During the period beginning on the date of the enactment of this Act and ending on May 15, 1987, the public debt limit set forth

in subsection (b) of section 3101 of title 31, United States Code, shall be temporarily increased by $189,000,000,000.]

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SECTION 3101 OF TITLE 31, UNITED STATES CODE

**§ 3101. Public debt limit**

(a) * * *

(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury) may not be more than $2,111,000,000,000,[1] outstanding at one time, subject to changes periodically made in that amount as provided by law through the congressional budget process described in Rule XLIX of the Rules of the House of Representatives or otherwise.

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[1] The bill as reported provides for a temporary increase to $2,320,000,000,000 in this debt ceiling for the period beginning on the date of enactment of the bill and ending on July 17, 1987.